

Croton Township  
Newaygo County, Michigan

**REPORT ON FINANCIAL STATEMENTS**  
(with required supplementary information)

Year ended March 31, 2008

Croton Township

**TABLE OF CONTENTS**

Management's Discussion and Analysis.....	i - viii
Independent Auditors' Report.....	1
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets .....	2
Statement of Activities .....	3
Fund Financial Statements	
Governmental Funds	
Balance Sheet .....	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	5
Statement of Revenues, Expenditures and Changes in Fund Balances.....	6
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	7
Proprietary Fund	
Statement of Net Assets .....	8
Statement of Revenues, Expenses and Changes in Net Fund Assets .....	9
Statement of Cash Flows.....	10
Statement of Fiduciary Assets and Liabilities .....	11
Notes to Financial Statements .....	12
Required Supplementary Information	
Budgetary Comparison Schedule—General Fund.....	23
Budgetary Comparison Schedule—Road Fund.....	24
Budgetary Comparison Schedule—Fire Fund .....	25
Budgetary Comparison Schedule—Fire Equipment Fund .....	26
Other Supplemental Information	
Other Governmental Funds	
Combining Balance Sheet .....	28
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	29

As management of Croton Township, we present to the readers of the Township's financial statements this overview and analysis of the financial activities of Croton Township for the fiscal year ended March 31, 2008. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

### **FINANCIAL HIGHLIGHTS**

- The Township completed construction of a new fire station. Total cost over the last two years was approximately \$676,000.
- The Township funded multiple road projects during the year. The total amount spent on road improvements during the year was approximately \$287,000. This was an increase from the prior years due to the County Road Commission catching up on projects from the prior year that were delayed due to weather.
- The Township Building Department fund had a decrease in revenues due to the poor economic conditions and a general downturn in construction activity.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. Croton Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Township's finances. These statements are similar to those of a private sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business type activities). The governmental activities of Croton Township include general government, public safety, public works, community and economic development and cultural and recreational activities. The sole business-type activity of the Township is the campground.

### **Fund Financial Statements.**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Croton Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories- governmental funds, proprietary funds and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

Croton Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and other major funds. Data from the other funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

### **Proprietary Funds**

Croton Township has one enterprise fund, a type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its campground operations. Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Township's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budgetary information as it relates to the actual expenditures for the General Fund and other major funds.

### **Government-wide Financial Analysis**

The first table presented below is a summary of the government-wide statement of net assets for Croton Township. The governmental activities current assets and other assets decrease due to cash used for the construction of the fire station and expansion of the funds spent on road work. Capital assets increased due completion of the fire station. Current liabilities increased due to current maturities of the fire station debt and the associated accrued interest. Long-term debt increased due to debt associated with the fire station.

The business-type activities current assets and other assets increased due to an improvement in operations for the year. Capital assets decreased due to normal depreciation.

As stated earlier, the net assets may be used as an indicator of a government's financial health. As of March 31, 2008, the Township's net assets from governmental activities totaled \$2,075,728 (84%) and \$397,592 (16%) from business-type activities, creating total government-wide net assets of \$2,473,320.

In examining the composition of these net assets, the reader should note that governmental activities net assets of \$1,013,550 are invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses or fund capital projects. The restricted net assets of \$676,165 represent funds legally restricted for various purposes. The unrestricted net assets for governmental-type activities actually depict net assets of \$386,013. This represents the amount of discretionary resources available for governmental operations.

The business-type activities net assets are comprised of invested in capital assets of \$188,606, which represents the campgrounds' investment in capital assets less depreciation. The balance is unrestricted net assets which can be used for campground operations.

# Croton Township

## Management's Discussion and Analysis

### Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current assets and						
other assets	\$ 1,085,808	\$ 1,272,722	\$ 235,857	\$ 190,532	\$ 1,321,665	\$ 1,463,254
Capital assets	1,338,550	784,581	188,606	205,003	1,527,156	989,584
Total assets	2,424,358	2,057,303	424,463	395,535	2,848,821	2,452,838
Current liabilities	99,903	6,766	26,871	27,012	126,774	33,778
Long-term liabilities	248,727	-	-	-	248,727	-
Total liabilities	348,630	6,766	26,871	27,012	375,501	33,778
Net assets						
Invested in capital assets,						
net of related debt	1,013,550	784,581	188,606	205,003	1,202,156	989,584
Restricted	676,165	866,441	-	-	676,165	866,441
Unrestricted	386,013	399,515	208,986	163,520	594,999	563,035
Total net assets	\$ 2,075,728	\$ 2,050,537	\$ 397,592	\$ 368,523	\$ 2,473,320	\$ 2,419,060

### Governmental Activities

The following table shows that governmental activities net assets increased by \$25,191 (1%) during the year. With all of the Township's governmental operations combined, the net result was that its operating revenues exceeded its operating expenditures, producing the resulting net assets. Charges for services dropped due to a decrease in building permits being issued. Property tax revenues increased due to an increase in taxable values due to normal inflationary increases and uncapping of taxable amounts due to transfer of properties. Investment income increased due to better return on invested assets. Miscellaneous revenues decreased due to the prior year including a reimbursement received for cost incurred by the Township. General government expenses increased due to an increase in legal fees and Camp Ground Fund started charging for maintenance services. Public works increase due to road maintenance projects schedule in prior year, but complete in current fiscal year. Culture and recreation increased due to the Camp Ground Fund charging funds for maintenance services performed. Interest expense started this year due to the newly incurred fire station debt.

# Croton Township

## Management's Discussion and Analysis

### Business-type Activities

At the end of the fiscal year, the net assets for business-type activities increase in net asset of \$29,069 (8%). The improvement is due primarily to an increase in charges for services due to charging other funds for maintenance services provide by camp ground personnel.

Revenues

#### Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues						
Charges for services	\$ 70,764	\$ 82,356	\$ 226,482	\$ 190,223	\$ 297,246	\$ 272,579
Operating grants and contributions	1,826	1,650	-	-	1,826	1,650
Capital grants and contributions	9,799	300	-	-	9,799	300
General revenues						
Property taxes	558,770	529,414	-	-	558,770	529,414
Franchise fees	3,777	4,307	-	-	3,777	4,307
Grants and contributions not restricted	206,356	208,515	-	-	206,356	208,515
Unrestricted investment earnings	45,799	39,450	8,676	5,964	54,475	45,414
Miscellaneous	11,945	45,684	-	-	11,945	45,684
Gain on sale of capital assets	-	-	-	100	-	100
Total revenues	909,036	911,676	235,158	196,287	1,144,194	1,107,963
Expenses:						
General government	291,267	251,059	-	-	291,267	251,059
Public safety	137,059	135,482	-	-	137,059	135,482
Public works	381,737	278,917	-	-	381,737	278,917
Community and economic development	45,648	43,127	-	-	45,648	43,127
Culture and recreation	16,634	2,711	-	-	16,634	2,711
Interest	11,500	-	-	-	11,500	-
Campground	-	-	206,089	200,854	206,089	200,854
Total expenses	883,845	711,296	206,089	200,854	1,089,934	912,150
Change in net assets	25,191	200,380	29,069	(4,567)	54,260	195,813
Net assets - Beginning	2,050,537	1,850,157	368,523	373,090	2,419,060	2,223,247
Net assets - Ending	\$ 2,075,728	\$ 2,050,537	\$ 397,592	\$ 368,523	\$ 2,473,320	\$ 2,419,060

### Financial Analysis of the Government's Funds

**Governmental Funds.** The focus of Croton Township's governmental funds is to provide information on near-term inflows, outflows and balances in spend-able resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balances, or the lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2008, fiscal year, Croton Township's governmental funds reported a combined unreserved fund balance of \$1,073,517. This number represents the unreserved fund balance of \$379,275 in the General Fund, \$303,364 in the Road Fund, \$199,995 in Fire Fund, \$150,500 in the Fire Equipment Fund and \$40,383 in other governmental funds.

The General Funds fund balance decreased due to an increase in General government expenditures related to legal costs and an increase in maintenance fees. Culture and recreation expense increased due to addition maintenance fees charged by the Camp Ground Fund. All these changes resulted in an overall decrease in the General Fund balance of \$4,990.

The Road Fund ended year with a decrease in fund balance of \$67,360 due to the increase in road work. The Fire Equipment Fund fund balance decreased due to completion of the construction of the new fire station.

Croton Township's proprietary fund net assets increased due to the Campground Fund charging other funds for maintenance services provided. The fund ended the year with an increase in the net assets of \$29,069. This is financial improvement when compared to prior year. In the prior year, the decrease in net assets was \$4,567.

During the current fiscal year, the Township made several amendments to its original budget. The most significant of those is listed below:

- Township administration budget was increased due to unanticipated legal fees.
- The Cemetery budget was increased due to an increase in legal fees and maintenance costs.
- Planning and zoning was decreased due to a drop in activity.
- The Library budget was adjusted to zero. The Township is seeking ways to provided services and allocating funds to provide for the service, but a feasible way to provide services was not obtained.
- Transfers out was increased by \$10,000 to support the Building Department Fund.



The following comments summarize the major variations from the final budget to actual revenues and expenditures.

**Revenues**

- Property taxes exceeded budget due to the under estimation the revenues.
- Charges for service exceed budget due to the budget not including summer tax collection fees.
- Investment income exceed budget due to better than anticipated interest rates.

**Expenditures**

- Township administration was under budget due to not incurring all anticipated legal fees.
- Other governmental function expenditures were under budget due to not utilizing the entire contingency amount.

**Capital Assets**

Croton Township's investment in capital assets for its governmental and business-type activities as of March 31, 2008 totaled \$1,527,156 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery, equipment and vehicles. The Township had a large increase in capital assets due to completion of the construction of the fire station.

**Capital Assets**  
**(Net of Accumulated Depreciation)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2007	2007
Land	\$ 23,247	\$ 21,735	\$ -	\$ -	\$ 23,247	\$ 21,735
Construction in progress	-	75,032	-	-	-	75,032
Land improvements	17,972	19,750	-	-	17,972	19,750
Buildings and improvements	791,979	118,937	144,745	147,535	936,724	266,472
Furniture and equipment	57,060	64,706	43,861	57,468	100,921	122,174
Vehicles	448,292	484,421	-	-	448,292	484,421
Total	<u>\$ 1,338,550</u>	<u>\$ 784,581</u>	<u>\$ 188,606</u>	<u>\$ 205,003</u>	<u>\$ 1,527,156</u>	<u>\$ 989,584</u>

Additional information on the Township's capital assets can be found in Note D of the "Notes to Financial Statements" of this report.

### **Long-Term Debt**

At the end of the 2008 fiscal year, Croton Township had total debt of \$325,000. The entire amount of outstanding debt was the results of obtaining funds for the construction of the new fires station.

Additional information on the Township's capital assets can be found in Note G of the "Notes to Financial Statements" of this report.

### **General Economic Overview**

#### **General Fund**

The Township adopted a breakeven budget for the year ended March 31, 2009 for the General Fund. The Township's General Fund is comprised of two major revenue sources, state revenue sharing and property taxes. Those two sources comprise approximately 86% of the General Fund revenue sources. For 2009, both of these revenue sources are expected to remain flat.

As noted above, the Township receives a significant amount of its revenues from the State of Michigan. The State of Michigan is experiencing significant financial difficulties. These difficulties could result in a decrease in funding from the State of Michigan.

#### **Campground Fund**

The Campground Fund is looking at the cost of renovating the current bathhouse or construction of a new bathhouse facility.

### **Requests for Information**

This financial report is designed to provide a general overview of Croton Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Croton Township, 5833 E. Division Street, Newaygo, MI 49337, (231) 652-4301.

# BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

July 8, 2008

Township Board  
Croton Township  
Newaygo, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Croton Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Croton Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Croton Township, as of March 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i - viii and 23 - 26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Croton Township's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Croton Township  
**STATEMENT OF NET ASSETS**  
March 31, 2008

ASSETS

	Governmental activities	Business-type activities	Total
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 995,206	\$ 237,357	\$ 1,232,563
Due from other governmental units	88,941	-	88,941
Internal balances	1,500	(1,500)	-
Prepaid items	161	-	161
Total current assets	1,085,808	235,857	1,321,665
<b>NONCURRENT ASSETS</b>			
Capital assets, net			
Nondepreciable	23,247	-	23,247
Depreciable	1,315,303	188,606	1,503,909
Total noncurrent assets	1,338,550	188,606	1,527,156
Total assets	2,424,358	424,463	2,848,821
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	23,630	-	23,630
Deferred revenue	-	26,871	26,871
Bonds and other obligations, due within one year	76,273	-	76,273
Total current liabilities	99,903	26,871	126,774
<b>NONCURRENT LIABILITIES</b>			
Bonds and other obligations, due within one year	248,727	-	248,727
Total liabilities	348,630	26,871	375,501
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,013,550	188,606	1,202,156
Restricted for:			
Fire department operations	200,156	-	200,156
Fire department capital asset purchases	150,500	-	150,500
Road construction and maintenance	303,364	-	303,364
Building inspections	7,165	-	7,165
Boardwalk construction	14,980	-	14,980
Unrestricted	386,013	208,986	594,999
Total net assets	\$ 2,075,728	\$ 397,592	\$ 2,473,320

The accompanying notes are an integral part of this statement.

Croton Township  
**STATEMENT OF ACTIVITIES**  
For the year ended March 31, 2008

<i>Functions/Programs</i>	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities							
General government	\$ 291,267	\$ 18,378	\$ -	\$ -	\$ (272,889)	\$ -	\$ (272,889)
Public safety	137,059	1,942	326	9,340	(125,451)	-	(125,451)
Public works	381,737	34,997	-	-	(346,740)	-	(346,740)
Community and economic development	45,648	15,447	-	7	(30,194)	-	(30,194)
Culture and recreation	16,634	-	1,500	452	(14,682)	-	(14,682)
Interest on long term debt	11,500	-	-	-	(11,500)	-	(11,500)
Total governmental activities	883,845	70,764	1,826	9,799	(801,456)	-	(801,456)
Business-type activities							
Campground	206,089	226,482	-	-	-	20,393	20,393
Total government	\$ <u>1,089,934</u>	\$ <u>297,246</u>	\$ <u>1,826</u>	\$ <u>9,799</u>	(801,456)	20,393	(781,063)
General revenues							
Property taxes, levied for							
General purposes					132,844	-	132,844
Specific purposes					425,926	-	425,926
Franchise fees					3,777	-	3,777
Grants and contributions not restricted to specific programs					206,356	-	206,356
Unrestricted investment earnings					45,799	8,676	54,475
Miscellaneous					11,945	-	11,945
Total general revenues					826,647	8,676	835,323
Change in net assets					25,191	29,069	54,260
Net assets at April 1, 2007					2,050,537	368,523	2,419,060
Net assets at March 31, 2008					\$ <u>2,075,728</u>	\$ <u>397,592</u>	\$ <u>2,473,320</u>

The accompanying notes are an integral part of this statement.

Croton Township  
**BALANCE SHEET**  
 Governmental Funds  
 March 31, 2008

	General Fund	Road Fund	Fire Fund	Fire Equipment Fund	Other governmental funds	Total governmental funds
<b>ASSETS</b>						
Cash and investments	\$ 341,256	\$ 282,095	\$ 189,256	\$ 139,348	\$ 43,251	\$ 995,206
Due from other funds	2,261	-	-	-	-	2,261
Due from other governmental units	45,481	21,269	10,739	11,452	-	88,941
Prepaid items	-	-	161	-	-	161
Total assets	<u>\$ 388,998</u>	<u>\$ 303,364</u>	<u>\$ 200,156</u>	<u>\$ 150,800</u>	<u>\$ 43,251</u>	<u>\$ 1,086,569</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 9,723	\$ -	\$ -	\$ 300	\$ 2,107	\$ 12,130
Due to other funds	-	-	-	-	761	761
Total liabilities	9,723	-	-	300	2,868	12,891
Fund balances						
Reserved for prepaid items	-	-	161	-	-	161
Unreserved, undesignated, report in						
General Fund	379,275	-	-	-	-	379,275
Special revenue funds	-	303,364	199,995	150,500	40,383	694,242
Total fund balances	<u>379,275</u>	<u>303,364</u>	<u>200,156</u>	<u>150,500</u>	<u>40,383</u>	<u>1,073,678</u>
Total liabilities and fund balances	<u>\$ 388,998</u>	<u>\$ 303,364</u>	<u>\$ 200,156</u>	<u>\$ 150,800</u>	<u>\$ 43,251</u>	<u>\$ 1,086,569</u>

The accompanying notes are an integral part of this statement.

Croton Township  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS**  
March 31, 2008

Total fund balance—governmental funds	\$	1,073,678
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Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Capital assets used in governmental activities are not financial resources and  
are not reported in the governmental funds.

Cost of capital assets	\$ 1,981,892	
Accumulated depreciation	<u>(643,342)</u>	1,338,550

Accrued interest in governmental activities is not reported in the governmental funds		(11,500)
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Long-term liabilities in governmental activities are not due and payable in the current  
current period and are not reported in the governmental funds.

(325,000)

Net assets of governmental activities in the Statement of Net Assets	\$	<u><u>2,075,728</u></u>
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The accompanying notes are an integral part of this statement.

Croton Township  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
Governmental Funds  
For the year ended March 31, 2008

	General Fund	Road Fund	Fire Fund	Fire Equipment Fund	Other governmental funds	Total governmental funds
<b>REVENUES</b>						
Property taxes	\$ 132,844	\$ 210,062	\$ 102,769	\$ 113,095	\$ -	\$ 558,770
Licenses and permits	3,802	-	-	-	-	3,802
Intergovernmental revenues—State	206,356	-	-	-	-	206,356
Charges for services	20,553	-	-	-	48,599	69,152
Investment earnings	15,695	10,344	6,148	13,264	348	45,799
Other	13,543	-	2,268	-	7	15,818
Total revenues	392,793	220,406	111,185	126,359	48,954	899,697
<b>EXPENDITURES</b>						
Current						
General government	229,114	-	-	-	-	229,114
Public safety	-	-	96,222	-	-	96,222
Public works	47,080	287,766	-	-	46,841	381,687
Community and economic development	13,920	-	-	-	21,426	35,346
Culture and recreation	15,803	-	-	-	-	15,803
Other governmental functions	60,432	-	-	-	-	60,432
Capital outlay	6,634	-	-	591,737	-	598,371
Total expenditures	372,983	287,766	96,222	591,737	68,267	1,416,975
Excess of revenues over (under) expenditures	19,810	(67,360)	14,963	(465,378)	(19,313)	(517,278)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from long-term debt	-	-	-	325,000	-	325,000
Transfers in	-	-	-	-	24,800	24,800
Transfers out	(24,800)	-	-	-	-	(24,800)
Total other financing sources (uses)	(24,800)	-	-	325,000	24,800	325,000
Net change in fund balances	(4,990)	(67,360)	14,963	(140,378)	5,487	(192,278)
Fund balances at April 1, 2007	384,265	370,724	185,193	290,878	34,896	1,265,956
Fund balances at March 31, 2008	\$ 379,275	\$ 303,364	\$ 200,156	\$ 150,500	\$ 40,383	\$ 1,073,678

The accompanying notes are an integral part of this statement.



Croton Township  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

For the year ended March 31, 2008

Net change in fund balances—total governmental funds	\$	(192,278)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures; in the Statement of Activities, these costs are depreciated over their estimated useful lives.

Depreciation expense	\$	(53,642)	
Capital outlay		<u>607,611</u>	553,969

Interest expense on long-term debt is recorded in the Statement of Activities when incurred, but is not reported in the governmental funds until paid.		(11,500)
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Debt proceeds are other financing sources in the governmental funds, but the proceeds increase long-term liabilities in the Statement of Net Assets.		<u>(325,000)</u>
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Change in net assets of governmental activities	\$	<u><u>25,191</u></u>
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The accompanying notes are an integral part of this statement.

Croton Township  
**STATEMENT OF NET ASSETS**  
Proprietary Fund  
March 31, 2008

ASSETS		Campground Fund
CURRENT ASSETS		
Cash and investments		\$ 237,357
NONCURRENT ASSETS		
Capital assets, net		
Building and improvements		195,454
Furniture and equipments		157,748
Less accumulated depreciation		<u>(164,596)</u>
Net capital assets		<u>188,606</u>
Total assets		425,963
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to other funds		1,500
Deferred revenue		<u>26,871</u>
Total current liabilities		<u>28,371</u>
NET ASSETS		
Invested in capital assets		188,606
Unrestricted		<u>208,986</u>
Total net assets		<u>\$ 397,592</u>

The accompanying notes are an integral part of this statement.

Croton Township  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
 Proprietary Fund  
 For the year ended March 31, 2008

	<u>Campground Fund</u>
REVENUES	
Charges for services	\$ 226,482
OPERATING EXPENSES	
Operations	186,042
Depreciation	<u>20,047</u>
Total operating expenses	<u>206,089</u>
Operating income	20,393
NONOPERATING REVENUES	
Investment earnings	<u>8,676</u>
Change in net assets	29,069
Net assets at April 1, 2007	<u>368,523</u>
Net assets at March 31, 2008	<u><u>\$ 397,592</u></u>

The accompanying notes are an integral part of this statement.

Croton Township  
**STATEMENT OF CASH FLOWS**  
 Proprietary Fund  
 For the year ended March 31, 2008

	Campground Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 199,006
Receipts from interfund services provided	27,335
Payments to suppliers	(84,552)
Payments to employees	<u>(101,271)</u>
Net cash provided by operating activities	40,518
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(3,650)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Investment earnings	<u>8,676</u>
Net increase in cash and investments	45,544
Cash and investments at April 1, 2007	<u>191,813</u>
Cash and investments at March 31, 2008	<u><u>\$ 237,357</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 20,393
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	20,047
Change in assets and liabilities	
Due to other funds	219
Deferred revenue	<u>(141)</u>
Net cash provided by operating activities	<u><u>\$ 40,518</u></u>

The accompanying notes are an integral part of this statement.

Croton Township  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
Fiduciary Funds  
March 31, 2008

	Agency funds
ASSETS	
Cash and investments	\$       5,309
	<u>                    </u>
LIABILITIES	
Deposits held for others	\$       5,309
	<u>                    </u>

The accompanying notes are an integral part of this statement.

Croton Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2008

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Croton Township (Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

***Reporting Entity***

The Township is a common law township governed by an elected five-member Board. Generally accepted accounting principles require that if the Township has certain oversight responsibilities over other organizations, those organizations should be included in the Township's financial statements. Since no organizations met this criteria, none are included in the financial statements.

***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Township does not allocate indirect costs.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Croton Township  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
March 31, 2008

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation—Continued**

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund is used to improve the roads within the Township.

The Fire Fund is used to finance the operation of the Township's fire department.

The Fire Equipment Fund is used for the maintenance and replacement of the Township's major fire equipment.

The Township reports the following major proprietary fund:

The Campground Fund operates the Township's campground.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for site rental and other services. Operating expenses for proprietary funds include the cost of sales and services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Croton Township  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
March 31, 2008

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

*Assets, Liabilities and Net Assets or Equity*

**Deposits and Investments**

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Township reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this standard, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standard also provides that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Township intends to hold the investment until maturity.

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools and certain mutual funds.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of allowance for uncollectibles.

The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied on each December 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollectible real property taxes as of the following February 15 are turned over by the Township to the County for collection. The County advances the Township all these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Township. The Township recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 state taxable value for real/personal property of the Township totaled approximately \$116,720,000 on which ad valorem taxes levied consisted of .7552 mills for general operating purposes, 1.8109 mills for roads, .9144 mills for fire services and .9751 mills for fire equipment. These amounts are recognized in the respective General Fund, Road Fund, Fire Fund and Fire Equipment Fund financial statements.



Croton Township  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
March 31, 2008

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

*Assets, Liabilities and Net Assets or Equity—Continued*

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include property, equipment and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-40
Land improvements	15-40
Furniture and equipment	5-10
Vehicles	7-20

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Croton Township  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
March 31, 2008

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

*Assets, Liabilities and Net Assets or Equity—Continued*

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

**NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except capital projects funds. All approval appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary information provided in the financial statements:

- a. Prior to the first week of March, the Township Supervisor submits to the Township Board a proposed operating budget for the year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Not later than the last week in March, the budget is legally enacted through passage of a resolution.
- d. Supplemental appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the Township Board. All appropriations lapse at year end.

The appropriated budget is prepared by fund, function and department. The Township's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level. The Township Board made several supplemental budgetary appropriations throughout the year.

**Excess of Expenditures Over Appropriations**

For the year ended March 31, 2008, expenditures exceeded appropriations for the General Fund.

	Amended <u>budget</u>	<u>Actual</u>
General Fund		
Township hall	\$ 13,600	\$ 18,370
Culture and Recreation		
Parks	12,000	15,803

Croton Township  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
March 31, 2008

**NOTE C—DEPOSITS AND INVESTMENTS**

**Interest rate risk.** The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices.

**Concentration of credit risk.** The Township does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2008, \$1,039,935 of the Township's bank balance of \$1,239,935 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Custodial credit risk - investments.** The Township does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**Foreign currency risk.** The Township is not authorized to invest in investments which have this type of risk.

**NOTE D—CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2008 was as follows:

	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 21,735	\$ 1,512	\$ -	\$ 23,247
Construction in progress	75,032	-	75,032	-
Total capital assets, not being depreciated	96,767	1,512	75,032	23,247
<b>Capital assets, being depreciated:</b>				
Land improvements	41,139	-	-	41,139
Buildings and improvements	358,748	679,131	-	1,037,879
Furniture and equipment	110,095	2,000	-	112,095
Vehicles	858,937	-	91,405	767,532
Total capital assets, being depreciated	1,368,919	681,131	91,405	1,958,645

Croton Township  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
March 31, 2008

**NOTE D—CAPITAL ASSETS—Continued**

	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
<b>Governmental activities:—Continued</b>				
<b>Less accumulated depreciation:</b>				
Land improvements	\$ 21,389	\$ 1,778	\$ -	\$ 23,167
Buildings and improvements	239,811	6,089	-	245,900
Furniture and equipment	45,389	9,646	-	55,035
Vehicles	374,516	36,129	91,405	319,240
Total accumulated depreciation	681,105	53,642	91,405	643,342
 Total capital assets, being depreciated, net	 687,814	 627,489	 -	 1,315,303
Capital assets, net	\$ 784,581	\$ 629,001	\$ 75,032	\$ 1,338,550
 <b>Business-type activities:</b>				
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	\$ 191,804	\$ 3,650	\$ -	\$ 195,454
Furniture and equipment	157,748	-	-	157,748
Total capital assets, being depreciated	349,552	3,650	-	353,202
<b>Less accumulated depreciation:</b>				
Buildings and improvements	44,269	6,440	-	50,709
Furniture and equipment	100,280	13,607	-	113,887
Total accumulated depreciation	144,549	20,047	-	164,596
 Total capital assets, being depreciated, net	 \$ 205,003	 \$ (16,397)	 \$ -	 \$ 188,606

Croton Township  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
March 31, 2008

**NOTE D—CAPITAL ASSETS—Continued**

Depreciation expense has been charged to functions as follows:

**Governmental activities:**

General government	\$ 11,923
Public safety	40,838
Public works	50
Culture and recreation	<u>831</u>
	<u>\$ 53,642</u>

**Business-type activities:**

Depreciation expense of \$20,047 was charged to the campground.

**NOTE E—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of March 31, 2008 is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Boardwalk Fund	\$ 761
General Fund	Campground Fund	1,500

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund transfers**

The General Fund made a transfer to the Transfer Station and the Building Department funds in amount of \$14,800 and \$10,000 respectively, to help cover operational expenditures in the current year.

**NOTE F—DEFERRED REVENUE**

As of March 31, 2008, the Township's Campground Fund had \$26,871 in deferred revenue. This amount consists primarily of unearned advance payments for the rental of campsites for 2008.

Croton Township  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
March 31, 2008

**NOTE G—LONG-TERM DEBT**

**Summary of Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities activity for the Township for the year ended March 31, 2008.

	Balance April 1, 2007	Additions	Reductions	Balance March 31, 2008	Due withing one year
Installment purchase agreement	\$ -	\$ 325,000	\$ -	\$ 325,000	\$ 76,273

**Installment loan**

\$325,000 installment purchase agreement due in annual  
installment of 90,020 including interest through May  
2011; interest at 4.23%

\$ 325,000

Annual debt service requirements to maturity for debt outstanding as of March 31, 2008 follows:

Year ending March 31,	Principal	Interest
2009	\$ 76,273	\$ 13,748
2010	79,499	10,521
2011	82,862	7,158
2012	86,366	3,653
	<u>\$ 325,000</u>	<u>\$ 35,080</u>

**NOTE H—OTHER INFORMATION**

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

**Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

Croton Township  
**NOTES TO FINANCIAL STATEMENTS—CONTINUED**  
March 31, 2008

**NOTE I—RETIREMENT PLANS**

**Deferred Compensation Plan**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time Township employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

**Defined Contribution Plan**

The Township provides pension benefits for all its full-time employees and certain fire department positions through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Salaried and hourly employees who have attained the age of 21 are eligible to participate in the plan. The Township is required to contribute an amount equal to 10 percent of employee's annual compensation. The Township's contributions for each employee (and earnings allocated to the employee's account) are immediately vested. Any forfeitures are reallocated to participants. Plan provision and contribution requirements are established and may be amended by the Township Board.

For fiscal year end March 31, 2008, the Township's contribution to the defined contribution plan was \$17,413.

**NOTE J—ECONOMIC DEPENDENCY**

State of Michigan shared revenues represent 53 percent of General Fund revenues.

**NOTE K—SUBSEQUENT EVENT**

The Township has entered into agreements with the Newaygo County Road Commission for road projects to be performed in the summer of 2008. The portion of these costs to be paid by the Township is expected to be approximately \$99,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**



Croton Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended March 31, 2008

	Budgeted amounts			Variance with final budget- positive (negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 107,000	\$ 107,000	\$ 132,844	\$ 25,844
Licenses and permits	2,530	2,530	3,802	1,272
Intergovernmental revenues—State	207,000	207,000	206,356	(644)
Charges for services	8,200	8,200	20,553	12,353
Investment earnings	7,200	7,200	15,695	8,495
Other	9,150	9,150	13,543	4,393
Total revenues	341,080	341,080	392,793	51,713
EXPENDITURES				
Current				
General government				
Township board	13,900	14,000	13,875	125
Supervisor	18,580	19,080	18,702	378
Assessor	27,000	27,400	27,453	(53)
Elections	6,500	6,500	3,508	2,992
Clerk	22,750	22,750	20,659	2,091
Board of review	1,500	1,500	1,369	131
Treasurer	32,000	32,000	31,231	769
Township administration	60,000	92,700	77,942	14,758
Township hall	13,600	13,600	18,370	(4,770)
Cemetery	10,000	20,000	16,005	3,995
Public works				
Highway and streets	46,800	55,000	47,080	7,920
Community and economic development				
Planning and zoning	18,767	14,797	13,920	877
Culture and recreation				
Library	27,300	-	-	-
Park	8,000	12,000	15,803	(3,803)
Other governmental functions	86,300	65,000	60,432	4,568
Capital outlay	15,000	15,000	6,634	8,366
Total expenditures	407,997	411,327	372,983	38,344
Excess of revenues over (under) expenditures	(66,917)	(70,247)	19,810	90,057
OTHER FINANCING USES				
Transfers out	(14,800)	(24,800)	(24,800)	-
Net change in fund balance	\$ (81,717)	\$ (95,047)	(4,990)	\$ 90,057
Fund balance at April 1, 2007			384,265	
Fund balance at March 31, 2008			\$ 379,275	

Croton Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
Road Fund  
For the year ended March 31, 2008

	Budgeted amounts			Variance with final budget- positive (negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 200,000	\$ 200,000	\$ 210,062	\$ 10,062
Investment earnings	<u>9,025</u>	<u>9,025</u>	<u>10,344</u>	<u>1,319</u>
Total revenues	209,025	209,025	220,406	11,381
EXPENDITURES				
Current				
Public works	<u>200,900</u>	<u>288,900</u>	<u>287,766</u>	<u>1,134</u>
Net change in fund balance	<u>\$ 8,125</u>	<u>\$ (79,875)</u>	(67,360)	<u>\$ 12,515</u>
Fund balance at April 1, 2007			<u>370,724</u>	
Fund balance at March 31, 2008			<u>\$ 303,364</u>	

Croton Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
Fire Fund  
For the year ended March 31, 2008

	Budgeted amounts			Variance with final budget- positive (negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 96,920	\$ 96,920	\$ 102,769	\$ 5,849
Investment earnings	3,600	3,600	6,148	2,548
Other	-	-	2,268	2,268
Total revenues	100,520	100,520	111,185	10,665
EXPENDITURES				
Current				
Public safety	102,800	102,800	96,222	6,578
Net change in fund balance	\$ (2,280)	\$ (2,280)	14,963	\$ 17,243
Fund balance at April 1, 2007			185,193	
Fund balance at March 31, 2008			\$ 200,156	

Croton Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
Fire Equipment Fund  
For the year ended March 31, 2008

	Budgeted amounts			Variance with final budget- positive (negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 110,400	\$ 110,400	\$ 113,095	\$ 2,695
Investment earnings	750	12,000	13,264	1,264
Total revenues	111,150	122,400	126,359	3,959
EXPENDITURES				
Capital outlay	270,000	620,339	591,737	28,602
Excess of revenues over (under) expenditures	(158,850)	(497,939)	(465,378)	32,561
OTHER FINANCING SOURCES				
Proceeds from long-term debt	-	325,000	325,000	-
Net change in fund balance	\$ (158,850)	\$ (172,939)	(140,378)	\$ 32,561
Fund balance at April 1, 2007			290,878	
Fund balance at March 31, 2008			\$ 150,500	

## **OTHER SUPPLEMENTAL INFORMATION**

Croton Township  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 March 31, 2008

	Total other governmental funds	Transfer Station	Special Revenue Building Department	Boardwalk
<b>ASSETS</b>				
Cash and investments	\$ 43,251	\$ 20,345	\$ 7,165	\$ 15,741
Total assets	<u>\$ 43,251</u>	<u>\$ 20,345</u>	<u>\$ 7,165</u>	<u>\$ 15,741</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 2,107	\$ 2,107	\$ -	\$ -
Due to other funds	<u>761</u>	<u>-</u>	<u>-</u>	<u>761</u>
Total Liabilities	2,868	2,107	-	761
Fund balances				
Unreserved				
Undesignated				
Special Revenue	<u>40,383</u>	<u>18,238</u>	<u>7,165</u>	<u>14,980</u>
Total fund balances	<u>40,383</u>	<u>18,238</u>	<u>7,165</u>	<u>14,980</u>
Total liabilities and fund balances	<u>\$ 43,251</u>	<u>\$ 20,345</u>	<u>\$ 7,165</u>	<u>\$ 15,741</u>

Croton Township  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended March 31, 2008

	Total other governmental funds	Transfer Station	Special Revenue Building Department	Boardwalk
REVENUES				
Charges for services	\$ 48,599	\$ 34,997	\$ 13,602	\$ -
Investment earnings	348	32	23	293
Other	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
Total revenues	48,954	35,029	13,625	300
EXPENDITURES				
Current				
Public works	46,841	46,841	-	-
Community and economic development	<u>21,426</u>	<u>-</u>	<u>21,426</u>	<u>-</u>
Total expenditures	<u>68,267</u>	<u>46,841</u>	<u>21,426</u>	<u>-</u>
Excess of revenues over (under) expenditures	(19,313)	(11,812)	(7,801)	300
OTHER FINANCING SOURCES				
Transfers in	<u>24,800</u>	<u>14,800</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	5,487	2,988	2,199	300
Fund balances at April 1, 2007	<u>34,896</u>	<u>15,250</u>	<u>4,966</u>	<u>14,680</u>
Fund balances at March 31, 2008	<u>\$ 40,383</u>	<u>\$ 18,238</u>	<u>\$ 7,165</u>	<u>\$ 14,980</u>

# BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

July 8, 2008

Township Board  
Croton Township  
Newaygo, Michigan

In planning and performing our audit of the financial statements of Croton Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Croton Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Croton Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Croton Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal controls, including the possibility of management override of controls, misstatement due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified and we have attached deficiencies in internal control that we consider to be significant deficiencies.

This communication is intended solely for the information and use of management, the Township Board, others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.





## SIGNIFICANT DEFICIENCIES

Recommendation 1: The internal controls surrounding the preparation of formal year end financial statements should be improved.

Small organizations with limited resources and personnel inherently have difficulty in establishing and maintaining effective internal accounting controls related to the preparation and review of the formal year end financial statements.

The Organization should review its procedures surrounding the preparation of year end financial statements to include the appointment of an individual with the requisite technical skills and experience to review the formal year end financial statements and accompanying footnotes, in relation to required disclosures in accordance with generally accepted accounting principles.

Recommendation 2: Long outstanding bank account checks should be investigated and, if appropriate, be written off.

During our testing, we noted that certain checks have been outstanding and maintained on bank reconciliations for periods in excess of a year. The payees should be contacted to determine if additional checks should be issued or Township personnel should make a determination as to whether such long outstanding checks should simply be written off.

The investigation of checks outstanding in excess of one year and the possible reissuance of new checks or writing off of such old checks would reduce the time required to prepare bank reconciliations and may identify matters which require further review.

Recommendation 3: The various due from (due to) other fund account balances should be reconciled on a monthly basis.

During our testing, we noted that due from (due to) other fund account balances were not reconciled on a regular basis during the year ended March 31, 2008. This could cause such accounts to not be properly reported on monthly financial statements and required Township personnel to prepare a significant number of adjusting journal entries at year end.

The reconciliation of due from (due to) other fund accounts on a monthly basis would increase the accuracy of monthly financial statements and reduce the reconciliation and adjustment process presently being required at year end.

Recommendation 4: The Township should develop and utilize a monthly closing checklist in conjunction with the preparation of monthly financial statements.

During our testing, we noted a significant number of general ledger accounts that required adjusting journal entries to correct account activity during the year. The incorrect account balances could result in inaccurate interim financial statements.

The utilization of a monthly closing checklist would encourage personnel to review the accuracy of month end balances through analysis of account activity, comparison to supporting documentation and/or reconciliation with detailed schedules.